

# Analyst Presentation 2003

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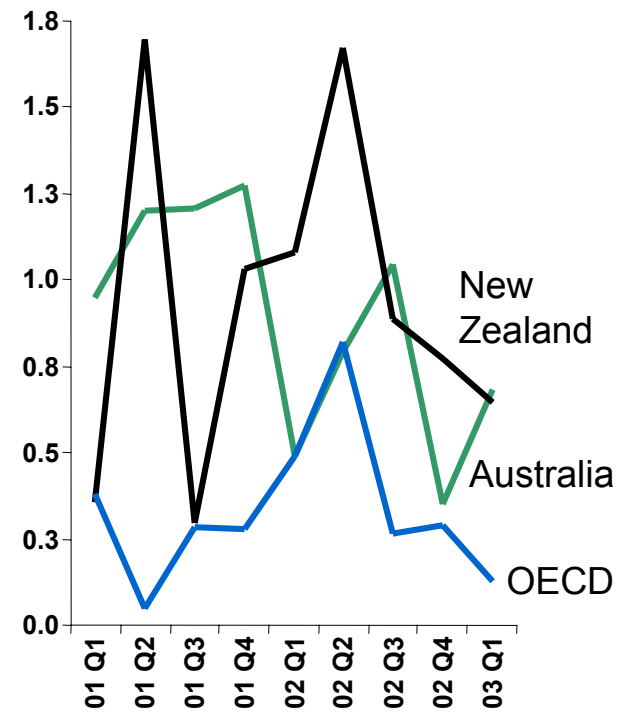
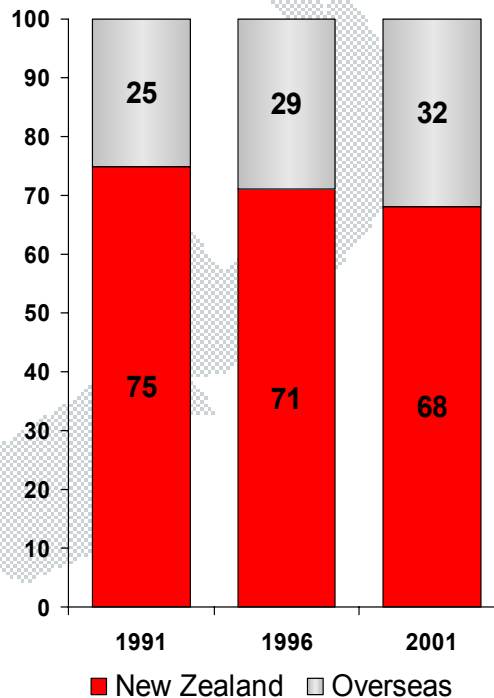
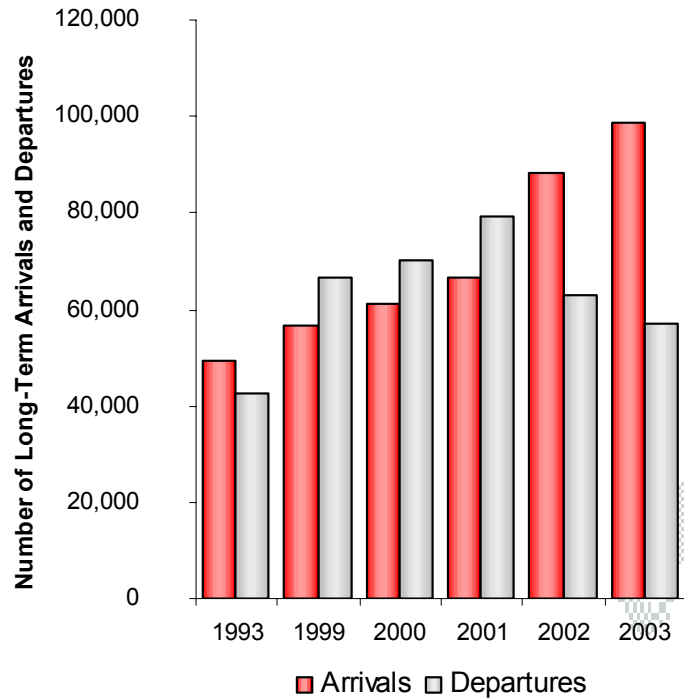
July 2003

# Introduction to New Zealand

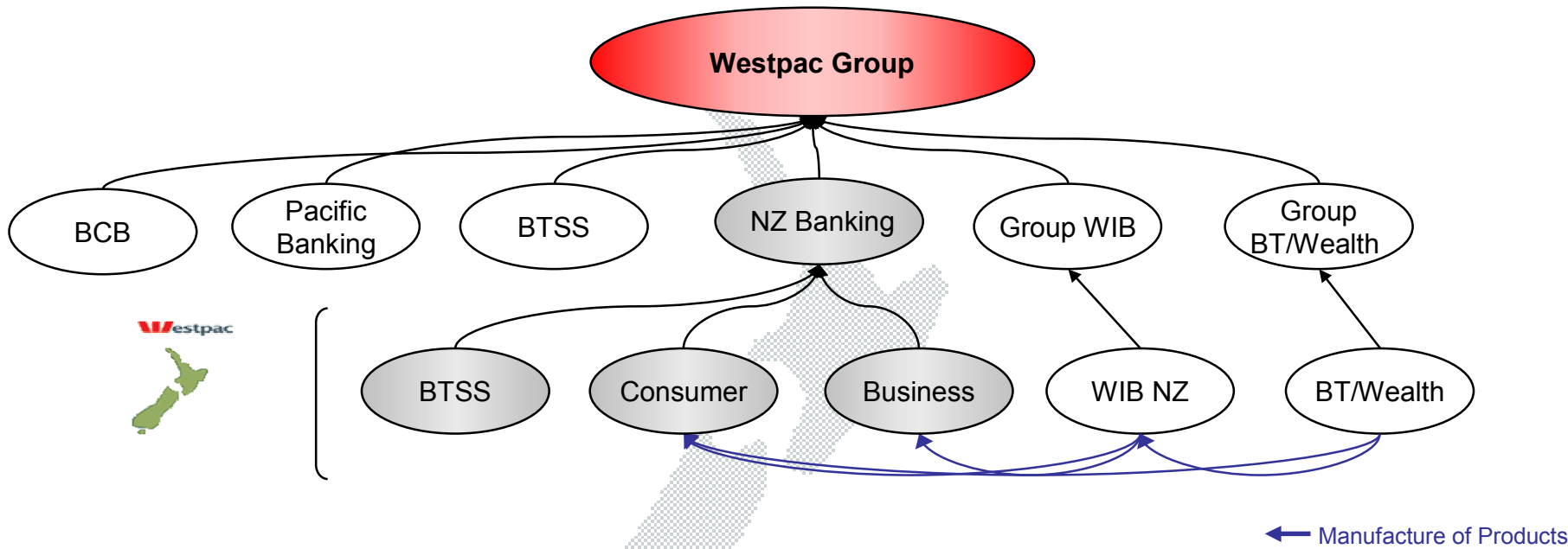
The economy is being fuelled by a net inflow of migrants ...

An increasing number of Aucklanders were born overseas ...

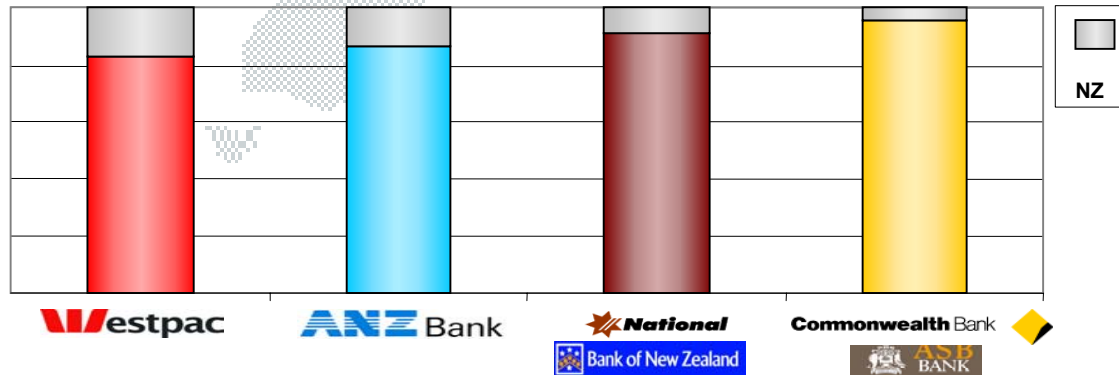
This is reflected in strong GDP growth ...



# Introduction to Westpac NZ



NZ Division Average Contribution to Earnings 1994-2002  
Assets



# Overview/Agenda

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- Where we were
- Execution to date
- Maintaining momentum

## Where we were - opportunities

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- Stagnant to falling share in Business segment
- Market share gap in Agribusiness
- Declining home loan share
- Low share of wallet
- Weak share of Consumer and SME in Auckland
- Low sales force specialisation
- Low customer satisfaction
- Little leverage of the Australian business

# Where we were - our biggest opportunities

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- 1 Improve sales effectiveness and productivity
- 2 Increase Auckland market share
- 3 Build Australasian operating model with local feel

# Where we were - what we said we would do

## Sales

- Optimise and enhance sales processes, training and performance measurement (across Business and Retail)
- Increase sales force specialisation and mobility
- Align sales force incentives with bank profitability
- Optimise the alignment of roles, incentives and career trajectory with staff needs and abilities

## Auckland

- Significantly expand our presence in New Zealand's richest and fastest growing market
  - Brand Recognition
  - Sales Force
- Capture natural market share in key products
  - Home Loans
  - Investments
  - Credit Cards
- Target high-value and high-potential segments
  - Professional services firms
  - SMEs
  - Migrants

## Australian Business Model

- Leverage Trans-Tasman positional assets to realize significant synergies
- Identify and share best practices between geographic units to increase the efficiency and effectiveness of all units
- Design, align and manage products with common features, components and services for the Group

# Overview/Agenda

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- Where we were
- Execution to date
- Maintaining momentum



# Execution to date – key examples

## Sales

- **Reorganised the management structure into Sales and Service:**
  - New roles: heads of Sales, Service, Wealth and Migrant
  - +8 area managers
- **Increased sales force specialisation:**
  - +105 Home Loan Specialists
  - +17 Investment Specialists
- **Reconfigured relationship management model:**
  - +43 “Priority” managers
  - +20 Priority Relationship Team
  - Up skilled branch based business consultants now reporting to Business area
- **Strong half year on half year revenue performance (operating income up 18%)**

# Execution to date – key examples

## Auckland

- **Head office relocation**
- **10 additional mobile mortgage managers in Auckland**
- **Increased effectiveness of Auckland mobile mortgage managers through greater active management:**
  - Sales targets set
  - Coaching
- **Relationship managers targeted to Auckland and other high growth area through continuously revising mix of managers and portfolios**
- **Marketing spend and targeting realigned**
  - “Painting the town Red” - Auckland buses and billboards
  - Media strategy Auckland centric

# Execution to date – key examples

## Australian Business Model

- **Consistent branding**
- **Trans-Tasman advertising agency selected**
- **Common PC platform rolled out to New Zealand branches**
- **Common cards platform – NZ first to implement**
- **Re-engineer credit and lending processes**
  - Lending origination platform
  - Credit management information system
  - Basel II compliance
- **Customer experience and “Ask Once” aligned**
- **Extended retail hours as in Australia**

## Auckland – early indicators

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- 40% of our new customers are from Auckland, compared to 25% of our existing base
- 18% increase in value of average captured wallet
- Increase in Auckland consumer customer satisfaction over past year, with the number of customers ranking Westpac as Excellent/Very Good increasing from 48% to 56%
- Over the past year brand awareness in Auckland increased by 22% and brand consideration by 7%.
- Nationally – we increased customer satisfaction 3% last quarter, overtaking the BNZ (we are now third of five).

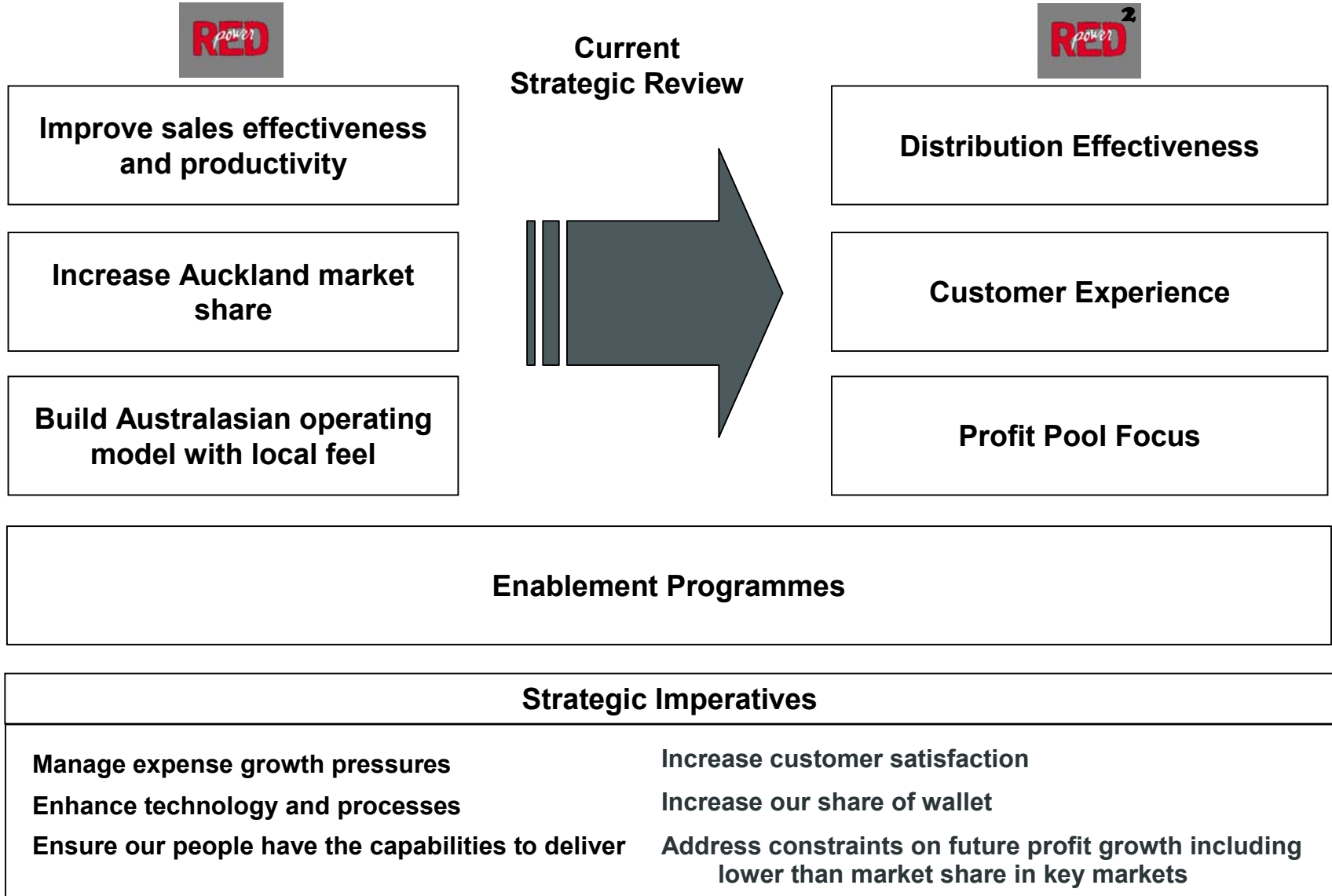


# Overview/Agenda

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- Where we were
- Execution to date
- Maintaining momentum

# Maintaining momentum



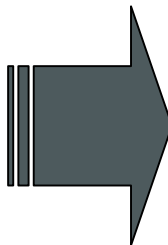
# Maintaining momentum – drive performance

## Investments to date provide us with the foundations to drive performance in 2004

### Leverage investments we've already made

- New mobile mortgage managers and sales force specialists
- Increase relationship managers and support for relationship management teams
- Investment in wealth business, new head of Wealth
- New business products and refocused business relationship managers
- Trans-tasman customer experience knowledge and 'Ask Once'

**Drive to support**



### 2004 Outcomes

- Increase share of housing market growth from 20% to 22%
- Grow share of wallet from 52% to 55%
- Increase product penetration of customers from 2.27 to 2.34 products
- Increase FUM market share from 8% to 8.5%
- Increase SME market share in Auckland from 13% to 15%
- Improve customer retention from 91.75% to 93.25%
- Improve customer satisfaction:
  - Consumer from 55% to 64%
  - SME 54% to 67%
  - Middle Market 63% to 76%
  - Agribusiness from 57% to 84%

# Maintaining momentum – further opportunities

## Distribution Effectiveness

- Address branch network design and location
- Opportunities with main bank customers and single product customers
- Retail staff productivity - part time/ full time mix
- Leverage BT/WIB interfaces

## Customer Experience

- Focus on customer retention
- Complaints management
- Extended hours
- Ask once operationalised



## Profit Pool Focus

- Continuing opportunities to grow market penetration in:
  - Migrant
  - SME
  - Auckland
- Profitable opportunities for entry into new products, especially in business sector
- Leverage Group products
- Well placed for revival in wealth business – leverage BT



## Maintaining momentum – people

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- Create flexible employment environment
- Invest in leadership capability – Westpac Academy
- Enabling platform solutions and processes e.g. employee kiosk
- Westpac uniform – extension of brand investment
- Embed high performance culture
- Employee needs analysis



# Summary

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- Solid foundations in place
- Clear view as to where the opportunities lie
- Challenging and dynamic external environment
- But have a comprehensive programme of work developed to support delivery

## Disclaimer

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